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DIVISION OF  
OIL, GAS & MINING

DOGM  
MINERALS PROGRAM  
FILE COPY

February 22, 1990

Mr. Wayne Hedberg  
Utah Division of Oil, Gas & Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, UT 84180-1203

Dear Mr. Hedberg:

Subject: Drum Mine, M/027/007

As you are aware, Western States Minerals Corporation (WSMC) and Jumbo Mining Company (JMC) continue to negotiate with regard to reclamation responsibilities at the Drum Mine. After reviewing the Division of Oil, Gas and Mining's (DOGM) files last week, it became apparent that a number of assumptions have been made in the meantime regarding the Drum Mine with which WSMC is not in total agreement. Since the matter has been dragging on for a long time, we believe that it is important that both the state and the B.L.M. be made aware of our concerns. These concerns are itemized below.

1. The contract between WSMC and JMC required JMC to assume<sup>89</sup> all permits. To date, this has not occurred. In July, 1990 WSMC agreed to transfer a portion of the Notice of Intent for the areas that JMC wanted to initially operate. At that time, JMC bonded for approximately 84 of the 126 disturbed acres.

In December, 1989, JMC notified both you and the Bureau of Water Pollution Control that they were sprinkling the No. 7 pad and were working on the No. 2 low grade pad. These areas are within the 42 acres permitted and bonded by WSMC. We, therefore, object to JMC doing any work in these areas until such time that the remainder of the Notice of Intent is transferred and JMC posts a reclamation bond for these areas.

2. In DOGM's letter of April 7, 1989, to WSMC you stated that we had stockpiled only 2000 cubic yards of topsoil and were responsible for a topsoil deficit of 54,200 cubic yards. You also state that WSMC had previously committed to implementing revegetation test plots.

We have no record of committing to the installation of revegetation test plots. Our 1983 NOI stated that we would not install test plots. If DOGM required these tests, we should have been notified accordingly.

The total of 56,200 cubic yards of topsoil which was to be stripped and stockpiled was for a disturbed area of 144 acres. Since only 126 acres have been disturbed, the amount of soil to be stockpiled should have been reduced proportionately to 49,200 cubic yards. We also believe that your visual estimate of 2,000 cubic yards of salvaged topsoil is on the low side. The stockpile has nominal dimensions of 200 feet by 90 feet by 12 feet which is approximately 8,000 cubic yards.

3. In your June 2, 1989 memo to file, you state that the BLM and DOGM agree that WSMC is responsible for the reclamation of any mine site areas not subsequently used by JMC. This may serve well as a temporary measuring stick, but it is important that you realize that the reclamation responsibilities have to eventually be determined according to our sales contract with JMC. If WSMC and JMC cannot agree on what the contract says, then it will have to be settled in court.
4. The reclamation bond that JMC posted for the 84 acres of disturbance does not include any monies for spreading and amending the topsoil. Ordinarily we would not care how you choose to bond another mining company, but in this case JMC has inferred that they should only be responsible for a revegetation cost of \$175/acre. They have proposed that WSMC should pick up any costs greater than this amount. As you are aware, revegetation costs normally average between \$600 to \$1,200 per acre if you include topsoiling, seed bed preparation, soil amendments and seeding. The approved reclamation plan calls for all of these items and in our opinion they should be included in the bond amount until such time that the revegetation plan is amended.

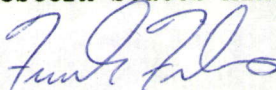
We apologize for the awkward position that your agency has been put in with regard to the Drum Mine. In general, we believe that you have handled the permit transfer fairly and in a professional manner. Of the four items listed above, only Item 1 is of immediate concern to us. The remaining items can probably be best addressed after WSMC and JMC have reached agreement on reclamation responsibilities.



We have followed up on Holland Shepherd's soil sampling recommendations. These samples are currently being analyzed. We will forward the results of the analysis to you, the BLM and JMC in approximately five weeks. Your assistance in developing an alternative revegetation plan for the Drum Mine site is much appreciated.

Sincerely,

Western States Minerals Corporation



Frank Filas  
Environmental Engineer

cc: A. Cerny, A.S. Gordon - WSMC  
Ed King - Jumbo Mining Company  
Phil Allard - BLM  
M. Croft - Bureau of Water Pollution Control